



NOTICE OF AMENDMENT TO A CODE
AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE

BOARD FILE NO: EB-2009-0077

**To: All Licensed Electricity Distributors
All Licensed Generators
All Participants in Consultation Process EB-2009-0077**

Date: July 15, 2010

The Ontario Energy Board (the "Board") has today amended the Distribution System Code (the "DSC") as indicated in sections II and III below, pursuant to section 70.2 of the *Ontario Energy Board Act, 1998* (the "Act").

I. Background

On March 11, 2010, the Board issued a Notice of Revised Proposed Amendments to a Code (the "March Notice") setting out proposed amendments to the DSC (the "March Proposed Amendments") in which the Board set out a revised approach to the application and administration of rebates. The March Proposed Amendments address the issue of rebates in the context of the Board's revised approach to cost responsibility for generation connections as set out in amendments to the DSC that were adopted on October 21, 2009.

In the March Proposed Amendments, the Board proposed that, where an expansion was constructed on or after October 21, 2009 to connect a renewable generator, the following rules would apply:

- i. Where the unforecasted customer is also a new renewable generator (the "unforecasted renewable generator") the initial new renewable generator (the "initial renewable generator") made a capital contribution (i.e., where the costs of the expansion exceeded the initial renewable generator's renewable energy expansion cost cap), the initial renewable generator would be entitled to a rebate equal to the difference between the capital contribution made by the initial renewable generator towards the cost of the earlier expansion and the contribution the initial renewable generator would have made had it and the

unforecasted generator connected at the same time. Where the initial renewable generator did not make a capital contribution, no rebate would be payable.

- ii. Where the unforecasted customer is a load customer or a non-renewable generator, the unforecasted customer would also contribute its share, determined in accordance with section 3.2.27 of the DSC. Where the initial renewable generator made a capital contribution (i.e., where the costs of the expansion exceeded the initial renewable generator's renewable energy expansion cost cap), the initial renewable generator and the distributor would share the rebate on a pro-rata basis in proportion to their respective contributions to the cost of the initial expansion. Where the initial renewable generator did not make a capital contribution, the rebate would avail to the benefit of the distributor.

The Board received written comments on the March Proposed Amendments from 10 interested parties, including representatives of electricity distributors, generators, ratepayers and the Ontario Power Authority.

The comments received on the March Proposed Amendments are available for viewing on the Board's website at www.oeb.gov.on.ca.

II. Adoption of March Proposed Amendments with Revisions

The Board has considered the comments received in response to the March Notice, and has determined that no material changes are required to the March Proposed Amendments. The Board has therefore adopted the March Proposed Amendments, with the modifications discussed in section III below which the Board considers warranted in order to add clarity (the "Final Amendments").

The Final Amendments to the DSC as adopted by the Board are set out in Attachment A to this Notice. Attachment B to this Notice sets out, for information, a comparison version of the Final Amendments relative to the March Proposed Amendments.

In their comments on the March Proposed Amendments, a number of stakeholder indicated that they would find it useful to have examples illustrating how the rebate mechanism would work under various scenarios. Attachment C to this Notice sets out, for information and illustrative purposes only, examples using five different scenarios.

III. Summary of Comments and Identification of Revisions to the March Proposed Amendments as Adopted by the Board

The following provides a high-level summary of the more significant comments received on the March Proposed Amendments and identifies the revisions to the March Proposed Amendments that the Board has adopted as part of the Final Amendments.

Most of the comments received on the March Proposed Amendments focused on areas where the stakeholder in question considered that the March Proposed Amendments lacked specificity or clarity.

By contrast, one representative of ratepayers commented more broadly that the March Proposed Amendments are neither necessary nor in the interests of ratepayers. This stakeholder was of the opinion that the issue of renewable generators delaying construction in order to achieve a benefit from costs incurred by an earlier generator is addressed through the realities of the Feed-in Tariff marketplace, and suggested an alternative solution. Under this stakeholder's proposal an initial renewable generator would not receive a rebate under any circumstances; instead, payments by any unforecasted customer for its share of connection costs that exceeded the distributor's marginal cost of connection would be rebated to customers across the Province. Details regarding the practical administration of this proposal were not provided. This stakeholder also expressed concern that the March Proposed Amendments would likely cost more to manage than any corresponding benefit.

The Board notes that the Ontario Power Authority, the agency responsible for the design and administration of the Feed-in Tariff program, was supportive of the March Proposed Amendments, and presumably therefore does not believe that the Feed-in Tariff program fully addresses the issue of renewable generators delaying construction. The Board also notes that comments received on the March Proposed Amendments from representatives of distributors did not raise concerns regarding the magnitude of administrative costs. The Board further notes that DSC currently makes provision for a rebate of a portion of the distribution system expansion costs where a subsequent non-eligible generator or load connects to the distribution system and obtains the benefit of an expansion paid for by an earlier non-eligible generator or load. The March Proposed Amendments extended eligibility for a rebate to earlier eligible renewable generators who were required to make a capital contribution, thereby providing equality of treatment for rebate purposes for all connecting customers that are required to make a capital contribution towards the cost of an initial expansion. The Board remains of the view that equality of treatment is appropriate in this regard, and would not be achieved through implementation of this stakeholder's alternative proposal.

The Board remains of the view that the overall approach reflected in the March Proposed Amendments is appropriate.

A. Administration of Rebates

A representative of distributors commented that there was the potential for an alternative interpretation of the administration of rebates in section 3.2.27B(c) regarding the contributions required from an unforecasted renewable generator and a distributor, and provided two examples illustrating the different interpretations. This stakeholder suggested that the amendments should more clearly state that the rebate payable by an unforecasted renewable generator will be the same amount as the capital contribution that it would have been required to pay if it had been part of the earlier expansion. The

Board confirms that this is the net effect of the operation of the relevant provisions of the March Proposed Amendments. However, the Board agrees that greater clarity is desirable to ensure that the DSC is not subject to differing interpretations, and has revised sections 3.2.27B and 3.2.27C of the DSC accordingly.

Some stakeholders commented that the March Proposed Amendments did not describe how rebates would be calculated when collected from unforecasted customers that are generators to whom the renewable energy expansion cost cap does not apply (this scenario being covered by section 3.2.27D). These stakeholders noted that section 3.2.27 of the DSC refers to such factors as the relative load level and the relative line length in determining the apportioned benefit, but that these factors are not appropriate when the unforecasted customer is a generator. It was suggested that output or nameplate capacity should be the factor used to determine the rebate payable.

The rebate mechanism for unforecasted customers as set out in section 3.2.27 of the DSC has been part of the DSC for some time, and the March Proposed Amendments did not propose to alter the manner of calculation of rebates payable by, or to, load and non-renewable generator customers. Section 3.2.27 applies for the purposes of calculating any rebate that may be payable under section 3.2.27D of the March Proposed Amendments. The Board notes that the factors specified in section 3.2.27(b) are not exhaustive, and that a distributor can consider other factors in addition to relative load level and relative line length. Therefore, the Board believes that section 3.2.27(b) of the DSC currently provides the necessary flexibility to enable distributors to determine the amount of a rebate based on criteria that is appropriate to the circumstances. However, in the interests of greater clarity the Board has amended section 3.2.27 of the DSC to include a reference to name-plate rated capacity as a factor to be considered in appropriate cases.

B. Customer Time Horizon

Some stakeholders requested clarification on whether, for the purposes of the new rebate provisions set out in the March Proposed Amendments, the customer connection horizon as defined in Appendix B of the DSC should be used. The Board confirms that this is the case and has revised sections 3.2.27B and 3.2.27D of the DSC to make that clear.

C. Payment of Interest

A representative of ratepayers requested clarification about whether the rebates payable under the new rebate provisions set out in the March Proposed Amendments would be with or without interest. The Board confirms that the rebates under the new provisions are to be without interest. The Board believes that this is already clear in the case of rebates payable under section 3.2.27D of the DSC, which states that the amount of the rebate is to be determined in accordance with section 3.2.27. Section 3.2.27 in turn states that the rebate is without interest. However, the Board agrees that

this is not clear in the case of rebates payable under section 3.2.27B and has revised section 3.2.27C of the DSC to make that clear.

D. Enhancement and Upstream Costs

A representative of distributors requested clarification that the rules governing rebates related to eligible renewable generators applied only to expansion investments and not to enhancements or upstream investments. The Board confirms that the Final Amendments relate specifically to expansion investments made to the distribution system to which the renewable generation facility is connecting, and not to enhancements or upstream investments.

IV. Anticipated Cost And Benefits

As set out in the March Notice, the Board believes that its approach to the administration and application of rebates will facilitate the achievement of the Government's policy goals regarding the connection of renewable generation by removing a potential incentive for renewable generators to delay their connections, and by ensuring that subsequent customers contribute their share of the costs of an earlier expansion. The Board's approach will also protect the interests of consumers by reducing the potential for ratepayers to fund the connection costs of load customers and non-renewable generators.

The Board believes that the revisions to the March Proposed Amendments that the Board has adopted, as described in section III above, will provide greater clarity in relation to the application of the Board's approach to the administration and application of rebates. The Board does not believe that additional material incremental costs will be triggered as a result of the adoption of those revisions.

V. Coming Into Force

The Final Amendments to the DSC as set out in Attachment A to this Notice come into force on today's date, being the date on which they are published on the Board's website after having been made by the Board.

As discussed in the March Notice, the Final Amendments will by their terms apply to any expansions made on or after October 21, 2009, being the date on which the Board's cost connection responsibility amendments to the DSC came into force. This is reflected in the Final Amendments to the DSC (sections 3.2.27B and 3.2.27D).

This Notice, including the Final Amendments to the DSC set out in Attachment A, will be available for public inspection on the Board's website at www.oeb.gov.on.ca and at the office of the Board during normal business hours.

Any questions relating to the Final Amendments to the DSC set out in Attachment A should be directed to the Market Operations Hotline at

market.operations@oeb.gov.on.ca or 416-440-7604. The Board's toll free number is 1-888-632-6273.

DATED at Toronto, July 15, 2010

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Attachs: Attachment A: Final Amendments to the Distribution System Code

Attachment B: Comparison Version Showing the Final Amendments to the Distribution System Code relative to the March Proposed Amendments (for information purposes only)

Attachment C: Illustrative Examples of the Application of the New Rebate Provisions (for information purposes only)

Attachment A

Final Amendments to the Distribution System Code

Note: The text of the amendments is set out in italics below, for ease of identification only.

1. The definition of “renewable energy expansion cost cap” in section 1.2 of the Distribution System Code is amended by adding the following immediately after the words “section 3.2.27A”:

or section 3.2.27B
2. Paragraph (b) of section 3.2.27 is deleted and replaced with the following:

(b) the apportioned benefit shall be determined by considering such factors as the relative name-plate rated capacity of the parties, the relative load level of the parties and the relative line length in proportion to the line length being shared by both parties, as applicable.
3. Section 3.2 of the Distribution System Code is amended by adding the following immediately after section 3.2.27A:

3.2.27B Notwithstanding section 3.2.27, when an unforecasted customer that is a renewable energy generation facility to which section 3.2.5A or 3.2.5B applies (the “unforecasted renewable generator”) connects to the distribution system during the customer connection horizon as defined in Appendix B and benefits from an earlier expansion made on or after October 21, 2009 to connect another renewable energy generation facility to which section 3.2.5A or 3.2.5B applies (the “initial renewable generator”), the initial renewable generator shall be entitled to a rebate if the cost of the earlier expansion exceeded the initial renewable generator’s renewable energy expansion cost cap. In such a case, the following rules shall apply:
 - (a) the distributor shall pay to the initial renewable generator a rebate in an amount determined in accordance with section 3.2.27C; and*
 - (b) the distributor shall collect from the unforecasted renewable generator an amount determined in accordance with section 3.2.27C.*

For greater certainty, no rebate shall be payable to an initial renewable generator towards the cost of an earlier expansion if the cost of the earlier

expansion did not exceed the initial renewable generator's energy expansion cost cap.

3.2.27C *For the purposes of section 3.2.27B:*

- (a) *the amount of the rebate payable by the distributor to the initial renewable generator shall be the difference between the amount paid by the initial renewable generator towards the cost of the earlier expansion and the amount that would have been paid by the initial renewable generator towards that cost, determined in accordance with the rules set out in sections 3.2.5B and 3.2.5C, had the earlier expansion been undertaken for both the initial renewable generator and the unforecasted renewable generator. The rebate shall be without interest; and*
- (b) *the amount to be collected from the unforecasted renewable generator shall be the amount that would have been paid by the unforecasted renewable generator towards the cost of the earlier expansion, determined in accordance with the rules set out in sections 3.2.5B and 3.2.5C, had the earlier expansion been undertaken for both the initial renewable generator and the unforecasted renewable generator.*

3.2.27D *Notwithstanding section 3.2.27, an unforecasted customer that is a load customer or a generation customer to which neither section 3.2.5A or 3.2.5B applies, that connects to the distribution system during the customer connection horizon as defined in Appendix B and that benefits from an earlier expansion made on or after October 21, 2009 to connect a renewable generation facility to which section 3.2.5A or 3.2.5B applies (the "initial renewable generator") shall contribute towards the cost of the earlier expansion. In such a case, the following rules shall apply:*

- (a) *where the cost of the earlier expansion exceeded the initial renewable generator's renewable energy expansion cost cap, the initial renewable generator and the distributor shall be entitled to a rebate in an amount determined in accordance with sections 3.2.27 and 3.2.27E; or*
- (b) *where the cost of the earlier expansion was at or below the initial renewable generator's renewable energy expansion cost cap, the distributor shall be entitled to a rebate in an amount determined in accordance with section 3.2.27.*

3.2.27E *For the purposes of section 3.2.27D(a), the amount of the rebate shall be apportioned between the initial renewable generator and the distributor on a pro-rata basis based on their respective contributions to the cost of the earlier expansion.*

3.2.27F *For greater certainty:*

- (a) *sections 3.2.27B and 3.2.27D do not apply in respect of an expansion referred to in section 3.2.5A(a) or 3.2.5B(a);*
- (b) *the amount of the rebate payable to an initial renewable generator under section 3.2.27B or section 3.2.27D(a) shall not exceed the amount paid by the initial renewable generator as a capital contribution towards the cost of the earlier expansion; and*
- (c) *where an earlier expansion referred to in section 3.2.27B or 3.2.27D was made to connect more than one renewable energy generation facility to which section 3.2.5B applies, the amount of the rebate payable to the renewable generators shall be apportioned between them on a pro-rata basis based on the total name-plate rated capacity of each renewable energy generation facility referred to in section 6.2.9(a) (in MW).*

Attachment B

Comparison Version Showing the Final Amendments to the Distribution System Code relative to the March Proposed Amendments (for information purposes only)

1. The definition of “renewable energy expansion cost cap” in section 1.2 of the Distribution System Code is amended by adding the following immediately after the words “section 3.2.27A”:

or section 3.2.27B

2. Paragraph (b) of section 3.2.27 is deleted and replaced with the following:

(b) the apportioned benefit shall be determined by considering such factors as the relative name-plate rated capacity of the parties, the relative load level of the parties and the relative line length in proportion to the line length being shared by both parties, as applicable.

3. Section 3.2 of the Distribution System Code is amended by adding the following immediately after section 3.2.27A:

3.2.27B Notwithstanding section 3.2.27, when an unforecasted customer that is a renewable energy generation facility to which section 3.2.5A or 3.2.5B applies (the “unforecasted renewable generator”) connects to the distribution system during the customer connection horizon as defined in Appendix B and benefits from an earlier expansion made on or after October 21, 2009 to connect another renewable energy generation facility to which section 3.2.5A or 3.2.5B applies (the “initial renewable generator”), the initial renewable generator shall be entitled to a rebate if the cost of the earlier expansion exceeded the initial renewable generator’s renewable energy expansion cost cap. In such a case, the following rules shall apply:

- (a) *the distributor shall pay to the initial renewable generator a rebate in an amount determined in accordance with section 3.2.27C; and*
- (b) *the distributor shall ~~reduce the unforecasted renewable generator’s renewable energy expansion cost cap by the amount of the rebate;~~ and*
- (c) *~~if the amount of the rebate exceeds the unforecasted renewable generator’s renewable energy expansion cost cap, the distributor shall also collect that difference from the unforecasted renewable generator-~~ an amount determined in accordance with section 3.2.27C.*

For greater certainty, no rebate shall be payable to an initial renewable generator towards the cost of an earlier expansion if the cost of the earlier expansion did not exceed the initial renewable generator's energy expansion cost cap.

3.2.27C *For the purposes of section 3.2.27B:*

- (a) the amount of the rebate payable by the distributor to the initial renewable generator shall be the difference between the amount paid by the initial renewable generator towards the cost of the earlier expansion and the amount that would have been paid by the initial renewable generator towards that cost, determined in accordance with the rules set out in sections 3.2.5B and 3.2.5C, had the earlier expansion been undertaken for both the initial renewable generator and the unforecasted renewable generator. The rebate shall be without interest; and*
- (b) the amount to be collected from the unforecasted renewable generator shall be the amount that would have been paid by the unforecasted renewable generator towards the cost of the earlier expansion, determined in accordance with the rules set out in sections 3.2.5B and 3.2.5C, had the earlier expansion been undertaken for both the initial renewable generator and the unforecasted renewable generator.*

3.2.27D *Notwithstanding section 3.2.27, an unforecasted customer that is a load customer or a generation customer to which neither section 3.2.5A or 3.2.5B applies, that connects to the distribution system during the customer connection horizon as defined in Appendix B and that benefits from an earlier expansion made on or after October 21, 2009 to connect a renewable generation facility to which section 3.2.5A or 3.2.5B applies (the "initial renewable generator") shall contribute towards the cost of the earlier expansion. In such a case, the following rules shall apply:*

- (a) where the cost of the earlier expansion exceeded the initial renewable generator's renewable energy expansion cost cap, the initial renewable generator and the distributor shall be entitled to a rebate in an amount determined in accordance with sections 3.2.27 and 3.2.27E; or*
- (b) where the cost of the earlier expansion was at or below the initial renewable generator's renewable energy expansion cost cap, the distributor shall be entitled to a rebate in an amount determined in accordance with section 3.2.27.*

3.2.27E For the purposes of section 3.2.27D(a), the amount of the rebate shall be apportioned between the initial renewable generator and the distributor on a pro-rata basis based on their respective contributions to the cost of the earlier expansion.

3.2.27F For greater certainty:

- (a) sections 3.2.27B and 3.2.27D do not apply in respect of an expansion referred to in section 3.2.5A(a) or 3.2.5B(a);*
- (b) the amount of the rebate payable to an initial renewable generator under section 3.2.27B or section 3.2.27D(a) shall not exceed the amount paid by the initial renewable generator as a capital contribution towards the cost of the earlier expansion; and*
- (c) where an earlier expansion referred to in section 3.2.27B or 3.2.27D was made to connect more than one renewable energy generation facility to which section 3.2.5B applies, the amount of the rebate payable to the renewable generators shall be apportioned between them on a pro-rata basis based on the total name-plate rated capacity of each renewable energy generation facility referred to in section 6.2.9(a) (in MW).*

Attachment C

**Illustrative Examples of the Application of the New Rebate Provisions
(for information purposes only)**

Table 1 Illustrative Example of Sections 3.2.27B and 3.2.27C Initial Customer is an Eligible Renewable Generator (5MW) Unforecasted Customer is an Eligible Renewable Generator (5MW) Initial Expansion Investment of \$1.2 Million				
	Distributor	Initial Renewable Generator	Unforecasted Renewable Generator	Total
Contribution(s) at Time of Initial Generator's Connection	\$450,000	\$750,000	-	\$1,200,000
Contribution(s) at Time of Unforecasted Generator's Connection	\$450,000	-	\$150,000	\$600,000
Rebate(s) Received	-	\$600,000	-	\$600,000
Net Contributions	\$900,000	\$150,000	\$150,000	\$1,200,000

In this example, at the time of the initial connection, a distributor would contribute \$450,000 (\$90,000 per MW) and the initial generator would contribute the remaining \$750,000. If an unforecasted generator later applied for connection, the initial expansion costs would be reallocated as if both generators applied for connection simultaneously. In this case, the 5 MW unforecasted generator is eligible for the renewable expansion cost cap, resulting in the LDC making an additional contribution of \$450,000 for a total contribution of \$900,000. The remaining \$300,000 of initial expansion costs would be split between the two generators on a *pro rata* basis based on name-plate rated capacity. In this example, as both generators are of the same capacity, this would result in a \$150,000 contribution from each. However, the initial generator has already contributed \$750,000, an excess of \$600,000. Therefore, in this example, the unforecasted generator pays the distributor \$150,000 and then the distributor refunds the initial generator a total of \$600,000 (equal to the distributor's additional \$450,000 contribution and the unforecasted generator's share of \$150,000).

Table 2 Illustrative Example of Sections 3.2.27B and 3.2.27C Initial Customer is an Eligible Renewable Generator (1MW) Unforecasted Customer is an Eligible Renewable Generator (5MW) Initial Expansion Investment of \$0.54 Million				
	Distributor	Initial Renewable Generator	Unforecasted Renewable Generator	Total
Contribution(s) at Time of Initial Generator's Connection	\$90,000	\$450,000	-	\$540,000
Contribution(s) at Time of Unforecasted Generator's Connection	\$450,000	-	-	
Rebate(s) Received	-	\$450,000	-	\$450,000
Net Contributions	\$540,000	-	-	\$540,000

In this example, at the time of initial connection, a distributor would contribute \$90,000 (\$90,000 per MW) and the initial generator would contribute the remaining \$450,000. If a 5 MW unforecasted generator later applied for connection, the generator would be eligible for the renewable expansion cost cap, resulting in the LDC making an additional contribution of \$450,000 for a total contribution of \$540,000. Neither generator is required to make a capital contribution. However, the initial generator has already contributed \$450,000. Therefore, in this example, the distributor refunds the initial generator a total of \$450,000 (equal to the distributor's additional contribution).

Table 3 Illustrative Example of Sections 3.2.27B and 3.2.27C Initial Customer is an Eligible Renewable Generator (5MW) Unforecasted Customer is an Eligible Renewable Generator (1MW) Initial Expansion Investment of \$0.54 Million				
	Distributor	Initial Renewable Generator	Unforecasted Renewable Generator	Total
Contribution(s) at Time of Initial Generator's Connection	\$450,000	\$90,000	-	\$540,000
Contribution(s) at Time of Unforecasted Generator's Connection	\$90,000	-	-	
Rebate(s) Received	-	\$90,000	-	\$90,000
Net Contributions	\$540,000	-	-	\$540,000

In this example, at the time of initial connection, a distributor would contribute \$450,000 (\$90,000 per MW) and the initial generator would contribute the remaining \$90,000. If a 1 MW unforecasted generator later applied for connection, the generator would be eligible for the renewable expansion cost cap, resulting in the LDC making an additional contribution of \$90,000 for a total contribution of \$540,000. Neither generator is required to make a capital contribution. However, the initial generator has already contributed \$90,000. Therefore, in this example, the distributor refunds the initial generator a total of \$90,000 (equal to the distributor's additional contribution).

Table 4 Illustrative Example of Sections 3.2.27D and 3.2.27E Initial Customer is an Eligible Renewable Generator (5MW) Unforecasted Customer is a Non-Eligible Generator (5MW) Initial Expansion Investment of \$0.45 Million				
	Distributor	Initial Renewable Generator	Unforecasted Generator	Total
Contribution(s) at Time of Initial Generator's Connection	\$450,000	-	-	\$450,000
Contribution(s) at Time of Unforecasted Generator's Connection	-	-	\$225,000	\$225,000
Rebate(s) Received	\$225,000	-	-	\$225,000
Net Contributions	\$225,000	-	\$225,000	\$450,000

In this example, at the time of initial connection, a distributor would contribute \$450,000 (\$90,000 per MW) covering the full cost of the initial expansion. The initial generator would not make a capital contribution. If a 5 MW unforecasted non-eligible generator later applied for connection, this generator would not be eligible for the renewable expansion cost cap, and would be required to contribute its share, determined in accordance with section 3.2.27 of the DSC. In this example, the full amount of the unforecasted generator's contribution is retained by the distributor. The initial generator is not entitled to a rebate because it did not make a capital contribution.

Table 5 Illustrative Example of Sections 3.2.27D and 3.2.27E Initial Customer is an Eligible Renewable Generator (5MW) Unforecasted Customer is a Non-Eligible Generator (5MW) Initial Expansion Investment of \$1.2 Million				
	Distributor	Initial Renewable Generator	Unforecasted Generator	Total
Contributions at Time of Initial Generator's Connection	\$450,000 (37.5%)	\$750,000 (62.5%)	-	\$1,200,000
Contributions at Time of Unforecasted Generator's Connection	-	-	\$600,000	\$600,000
Rebate(s)	\$225,000 (37.5%)	\$375,000 (62.5%)	-	\$600,000
Net Contributions	\$225,000	\$375,000	\$600,000	\$1,200,000

In this example, at the time of initial connection, a distributor would contribute \$450,000 (\$90,000 per MW; 37.5% of the cost) and the initial generator would contribute the remaining \$750,000 (62.5% of the cost). If a 5 MW unforecasted non-eligible generator later applied for connection, this generator would not be eligible for the renewable expansion cost cap, and would be required to contribute its share, determined in accordance with section 3.2.27 of the DSC. The contribution of the unforecasted generator would be divided *pro rata* based on the contributions of the initial generator and the distributor. As a result, in this example, the initial generator receives a rebate of \$375,000 (62.5%) and the distributor would receive a rebate of \$225,000 (37.5%).